REMARKS/ARGUMENTS

The Examiner is thanked for the performance of a thorough search.

By this amendment, Claims 1, 8, 35, and 36 are amended and no claims are added or cancelled. Hence, Claims 1-3, 5, 6, 8-10, 12, 13, and 29-36 are pending in the application.

I. SUMMARY OF THE REJECTIONS

Claims 1-3, 5-6, 8-10, 12-13, and 29-36 stand rejected under 35 U.S.C. § 112(2) as allegedly being indefinite. This rejection is respectively traversed.

Claims 1-3, 5-6, 8-10, 12-13, and 29-36 stand rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over WO 97/21183 to Naqvi et al. ("*Naqvi*") in view of U.S. Patent Publication No. 2005/0149396 to Horowitz et al. ("*Horowitz*"). This rejection is respectively traversed.

II. THE REJECTION NOT BASED ON THE CITED ART

Claims 1-3, 5-6, 8-10, 12-13, and 29-36 stand rejected under 35 U.S.C. § 112(2) as allegedly being indefinite. The Office Action alleges that the limitations in Claims 1 and 8 that refer to the recited behindness value "are unclear because while a behindness value is provided for, it is not actually used to advance the method". Although the final selection of the advertisement is based on potential revenue amounts, the behindness values are used in the filtering phase in which advertisements whose delivery obligations are on track to be satisfied are removed from the recited first subset of advertisements. Claims 1 and 8 have been amended to clarify this.

It is further respectfully noted that in systems that use behindness values, such systems tend to rely **solely** on the behindness value for selecting among otherwise qualifying advertisements. In contrast, Claim 1 recites that an advertisement is selected based, **at least in**

part, on potential revenue amounts even though behindness values are maintained for contracts. Reconsideration and withdrawal of the rejection under 35 U.S.C. § 112(2) is therefore respectfully requested.

III. THE REJECTION BASED ON THE CITED ART

Claims 1-3, 5-6, 8-10, 12-13, and 29-36 stand rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over *Naqvi* in view of *Horowitz*.

A. CLAIM 1

Claim 1 recites:

> A computer-implemented method for determining which advertisements to include with electronic content delivered to users over a network, the method comprising the steps of:
> **after accepting a first contract with a first advertiser, accepting a second contract with a second advertiser;**
> **wherein the delivery obligations associated with the second contract are such that fulfillment of the second contract would likely prevent the delivery obligations of the first contract from being fulfilled;**
> receiving a plurality of advertisements from a plurality of advertisers;
> storing revenue information that indicates potential revenue amounts for the plurality of advertisements, wherein each of the plurality of advertisements is associated with corresponding delivery criteria and a corresponding contract of a plurality of contracts;
> wherein the plurality of contracts includes the first contract and the second contract;
> wherein the plurality of advertisers includes the first advertiser and the second advertiser;
> receiving, from a client that is not one of the plurality of advertisers, a request to provide over the network a piece of electronic content that includes a slot for an advertisement; and
> in response to receiving the request, performing the steps of:
> one or more computing devices comparing slot attributes of the slot with the delivery criteria of the plurality of advertisements to determine a first subset of the plurality of advertisements that qualify for inclusion in the slot,
> wherein the slot attributes of the slot include at least one of (a) the nature of the piece of electronic content, (b) the size of the slot within the piece of electronic content, or (c) the placement of the slot within the piece of electronic content;

the one or more computing devices creating a second subset of advertisements by filtering, out of the first subset, based on behindness values computed for the advertisements, advertisements whose delivery obligations are on track to be satisfied;

wherein the second subset includes a first advertisement associated with the first contract and a second advertisement associated with the second contract;

wherein the second contract is associated with a behindness value that is currently greater than a behindness value associated with the first contract;

wherein the behindness value of each contract reflects how far behind a content provider is on satisfying the delivery obligations associated with each contract; and

selecting the first advertisement from the second subset of advertisements to include in the slot based, at least in part, on the potential revenue amounts;

inserting said first advertisement into the slot to create a modified piece of electronic content;

delivering, as a response to the request, the modified piece of electronic content to the user. (emphasis added)

At least the above-bolded features of Claim 1 are not taught or suggested by the cited art.

The Office Action cites page 18, lines 5-12 and page 16, line 25 to page 17, line 7 of *Naqvi* for allegedly disclosing accepting the recited second contract after the recited first contract, even though "the delivery obligations associated with the second contract are such that fulfillment of the second contract would likely prevent the delivery obligations of the first contract from being fulfilled," as recited in Claim 1. This is incorrect. These cited portions of *Naqvi* merely describe different types of contracts, including ratio-based contracts, dependent contracts, story contracts, and frequency-based contracts. Page 18, lines 5-12 briefly describes an exclusive or competitive contract which requires that an advertiser's ad is not shown at the same time or on the same page as a competitor's advertisement. Lines 5-12 also provide an example Coca-Cola contract where the contract requires that no Pepsi ads are displayed at the same time as a Coca-Cola advertisement.

However, these cited portions indicate nothing about **accepting** certain types of contracts even though acceptance would affect a previously-formed contract in a negative way. The Office Action asserts (on page 4) that "a competitor's contract would adversely affect level of service to another competitor's- also, the ability to exclude the competitor's ads, this is also an adverse effect." However, simply because Coca-Cola has a competitive contract with respect to Pepsi does not mean that a content provider cannot accept and completely fulfill both Coca-Cola and Pepsi contracts. Indeed, if a content provider estimates that 1000 soda drink slots are going to be available in January, then the content provider can accept a 500 ad-view contract with Coca-Cola **and** subsequently accept a 500 ad-view contract with Pepsi. Fulfillment of the contract with Pepsi is **not** likely to prevent the fulfillment of the contract with Coca-Cola.

Again, Claim 1 requires that a second contract is accepted after a first contract, even though the delivery obligations of the second contract are such as that fulfillment of the second contract would likely prevent the delivery obligations of the first contract from being fulfilled. Paragraphs 11-17 of Applicants' specification describe the negative consequences of accepting such a "second contract." Accepting later-formed contracts where fulfilled of the associated delivery obligations would likely prevent previously-formed contracts from being fulfilled is known as the "late-comer problem" (see paragraph 17). In contrast, *Naqvi* teaches an approach, called a pre-acceptance filtering approach, where the recited second contract would **not** be accepted by *Naqvi*'s system. Page 7, lines 16-25 of *Naqvi* states,

> The present invention uses algorithms to check for contract consistency to ensure that all contracts that are accepted can be properly satisfied. An advertiser can ask for a certain contract…and **the present invention will determine whether that contract can be satisfied. If not, the system suggests what coverage it can provide. After the contract is determined to be consistent, the present**

> **consistent, the present invention will enforce the contract** by displaying advertisements in accordance with the contract. (emphasis added)

Thus, although *Naqvi*'s system solves the late-comer problem, *Naqvi* avoids situations in which late-comers squeeze out prior-formed contracts by determining, **before accepting a contract**, whether that contract can be satisfied given the pre-existing obligations of the already-accepted contracts. If not, then *Naqvi*'s system "suggests what coverage it can provide" (page 7, lines 16-22).

Page 40, line 32 to page 41, line 5 of *Naqvi* further states,

> The system might reject the advertisement because the contract that the user wants cannot be satisfied by the system. If the system decides at this point that the user's contract cannot be satisfied, the system displays to the user the next best possible contract that it can satisfy....

Thus, by ensuring, before accepting the contract, that the contract can be satisfied along with previously-accepted contracts, each previously-accepted contract is ensured to be satisfied. Because *Naqvi*'s pre-acceptance filtering approach would **not** accept the recited second contract of Claim1, *Naqvi* fails to teach or suggest this feature of Claim 1.

Based on the foregoing, *Naqvi* and *Horowitz* fail to teach or suggest (both individually and in combination) all the features of Claim 1. Therefore, Claim 1 is patentable over *Naqvi* and *Horowitz*. Reconsideration and withdrawal of the rejection of Claim 1 under 35 U.S.C. § 103(a) is therefore respectfully requested.

B. CLAIM 8

Claim 8 recites the same limitations of Claim 1 discussed above. Claim 8 is therefore patentable over *Naqvi* and *Horowitz* for at least the same reasons given above for Claim 1.

C. DEPENDENT CLAIMS

Claims 2, 3, 5, 6, 9, 10, 12, 13, and 29-36 are dependent claims, each of which depends (directly or indirectly) on one of the claims discussed above. Each of Claims 2, 3, 5, 6, 9, 10, 12, 13, and 29-36 is therefore allowable for the reasons given above for the claim on which it depends. In addition, each of Claims 2, 3, 5, 6, 9, 10, 12, 13, and 29-36 introduces one or more additional limitations that may render it independently patentable over the cited art.

1. Claim 29

Claim 29 depends on Claim 1 and further recites:

> exclusively offering a first portion of an inventory, of advertisement slots in electronic content, to buyers that satisfy a set of criteria; and
>
> offering a second portion of the inventory to buyers that are not required to satisfy the set of criteria,
>
> wherein the buyers that satisfy the set of criteria and the buyers that are not required to satisfy the set of criteria are advertisers that provide advertisements.

In rejecting Claim 29, the Office Action cites 4 pages of *Naqvi* and refers to the term "exclusive." However, "exclusive" in *Naqvi* is referring to the type of contract supported by *Naqvi*'s system, i.e., an exclusive contract, as opposed to a ratio-based contract, a story contract, and a frequency-based contract. Such a teaching does not in any way suggest to whom such contracts are **offered**. Indeed, Claim 35 recites that a portion of an inventory of advertisement slots are exclusively **offered** to certain buyers, i.e., that satisfy a set of criteria. A second portion of the inventory is **offered** to other buyers, i.e., that are not required to satisfy the set of criteria. Fundamentally, *Naqvi* fails to even refer to **characteristics** of the buyers of advertisement contracts.

2. Claim 35

Claim 35 depends on Claim 1 and further recites:

> associating each of the plurality of advertisements with a priority class, wherein the priority class associated with each of the plurality of advertisements indicates whether the corresponding advertisement is the subject of a guaranteed contract;
>
> wherein creating the second subset further includes filtering, out of the first subset, advertisements that have a priority class that is lower than the priority class of any other advertisement that belongs to the first subset before filtering advertisements whose delivery obligations are on track to be satisfied.

The Office Action cites portions of *Naqvi* that include the terms "filter" and "guarantee." However, nothing in *Naqvi* teaches or suggests that some contracts may be guaranteed and other contracts may not be guaranteed. Instead, *Naqvi* states that "it is a further object of the present invention to provide a method and system for advertising in which advertisers can be guaranteed that their advertisements will be displayed a certain number of times or in a particular manner or under particular circumstances." Thus, all contracts entered into in *Naqvi* are "guaranteed" in some sense. It is unsurprising then that *Naqvi* fails to teach or suggest that advertisements of "non-guaranteed" contracts are **filtered out** of a set of advertisements that qualify for inclusion in a slot.

Another cited portion of *Naqvi* refers to "fairness," but only in the sense that advertisers who pay more are more accessible that those who pay less. The Office Action suggests that advertisers who pay less are considered to be in a "lower priority class." Even if this were true, the Office Action **already equates** Claim 1's selecting of an advertisement based on potential revenue amounts with *Naqvi*'s "fairness." Therefore, *Naqvi*'s "fairness" cannot be used to disclose **both** the filtering of advertisements based on priority class ***and*** the selecting of an

advertisement based on potential revenue amounts, especially since the filtering of advertisements based on priority class occurs before the filtering of advertisements whose delivery obligations are on track to be satisfied.

Due to the fundamental differences already identified and to expedite the positive resolution of this case, a separate discussion of each of those limitations is not included at this time. Applicants reserve the right to further point out the differences between the cited art and the novel features recited in the dependent claims.

IV. CONCLUSION

For the reasons set forth above, it is respectfully submitted that all of the pending claims are now in condition for allowance. Therefore, the issuance of a formal Notice of Allowance is believed next in order, and that action is most earnestly solicited.

The Examiner is respectfully requested to contact the undersigned by telephone if it is believed that such contact would further the examination of the present application.

Please charge any shortages or credit any overages to Deposit Account No. 50-1302.

Respectfully submitted,

HICKMAN PALERMO TRUONG & BECKER LLP

/DanielDLedesma#57181/
Daniel D. Ledesma
Reg. No. 57,181

Date: September 29, 2009
2055 Gateway Place, Suite 550
San Jose, CA 95110-1083
Telephone: (408) 414-1080 ext. 229
Facsimile: (408) 414-1076